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**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001**

POSTAL RATE AND FEE CHANGES, 1997

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Docket No. R97-1

**DIRECT TESTIMONY
OF
JOE GREEN
ON BEHALF OF
ASSOCIATION OF ALTERNATE POSTAL SYSTEMS**

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SYSTEMS**

1 My name is Joe Green and I am the primary owner of R-J Delivery, in business in
2 Pekin, Indiana for the past 20 years. We are a member of the Association of Alternate Postal
3 Systems. R-J Delivery is a sister company to Green Banner Publications, a publisher of seven
4 weekly, community newspapers which I own. I served on the board of directors of the
5 Association of Alternate Postal Systems (AAPS) for nine years and had the privilege of serving
6 as president of this association in 1991.

7 R-J. Delivery is an alternative delivery company that was born out of the concept of
8 being able to control the delivery of Green Banner Publications' newspapers. R-J has also
9 delivered, in the past, items ranging from a partial ounce sample of hand cream to a 9.5 pound
10 phone book and has done this in several states, including New York, California, Minnesota,
11 Texas and Florida. Our primary business has been and remains the distribution of free
12 newspapers and standard mail type circulars to the 48,000 residences in the area of Southern

1 Indiana we call home. Other than the affiliated newspapers, we deliver about 12.5 million
2 pieces per year, mostly for local merchants.

3 Though I have never before testified before the Postal Commission, my relationship
4 with AAPS Executive Director Ken Bradstreet and our attorneys, as well as my personal
5 experience in my small business over the past 20 years, gives me a perspective that I would
6 like to share.

7 I understand that the rate making process is a complicated process, and I leave it to Mr.
8 Bradstreet and our attorneys to debate the allocation of attributable and institutional costs of the
9 Postal Service and how these affect the rates in each sub-class. What I understand better is the
10 effect that these rates have on competition and that this is part of the consideration in setting
11 the rates.

12 The Postal Service has managed to limit our participation in the delivery business to
13 only what would be classified today as a portion of Standard mail and magazines. We employ
14 twelve full and part time employees and work with approximately 100 independent contractors,
15 who deliver our products. These people work in our limited scope of available business that
16 we can deliver without running into the portions of the market that the Postal Service claims
17 are protected.

18 The problem that we have faced in the past, and fear facing today, is that the part of the
19 mail stream we are allowed to compete for has continually been held down in terms of rate
20 increases. As a result, the Postal Service is doing deliveries for less money, in real dollars,
21 then they were receiving fifteen years ago.

1 This would be understandable if all classes of mail were receiving the same treatment,
2 but I understand that the rates for mail where we cannot compete have risen more rapidly than
3 those where we are allowed to compete. The current proposal not only will continue this trend
4 but will also reduce the rates for the heavier pieces, adversely affecting our ability to compete.

5 As a result the Postal Service continues to do more for less in areas where we are
6 allowed to compete. The impression is that the areas where we are not allowed to compete are
7 subsidizing the areas where the Postal Service actually has to compete. We are not asking for
8 a portion of the market to be handed to the private sector. What we are asking is that the
9 protected portions of the mail stream not be used to crush competition in the areas where
10 competition is allowed.

11 We are concerned that if this is allowed to continue, our small business will be faced
12 with a difficult decision of continuation. This will not only affect us and our colleagues in this
13 business but will affect the thousands of carriers our industry employs. These are people who
14 may be able to work only part time or are using their part time position to help them get caught
15 up or ahead.

16 This rate proposal will also affect our customers who have been able to take advantage
17 of services and opportunities that the private sector offers. They sometimes find that they
18 cannot take advantage of the shared mail packages (when they are even available) due to the
19 nature of other pieces in the package, and they find the costs of direct, solo mail to be
20 prohibitive. We can and do provide an alternative.

1 Businesses like ours are very important to the marketplace. We must make a profit,
2 and we pay taxes on that profit. We also provide competition and choice in the marketplace.
3 The continuation of unfair pricing on the part of the Postal Service that seems targeted at
4 competitors goes against the concept of a competitive market place. Without that competition,
5 jobs will be lost, income opportunities will be lost, selection will be lost and innovation and
6 ingenuity, the building blocks of our economy, will be severely stifled.

7 R-J Delivery, in itself, is not a major player in the market. It would be a stretch to say
8 that we have an effect, as one company, in the market outside of our small distribution area.
9 But we are representative of hundreds of companies in the United States that can be very
10 adversely affected by Postal Service efforts to use revenues from noncompetitive mail services
11 to cover costs for services that face competition.